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Li Peng NPC Work Report

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Li Peng Presents Government Work Report at NPC

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[Text] Fellow deputies:

On behalf of the State Council, I now submit a report on the work of the government for examination and approval by this session. All members of the Chinese People's Political Consultative Conference [CPPCC] National Committee are also welcome to air their views on the report.

1. Review of Our Work at Home in 1991

The year 1991 witnessed continuous progress in building socialism with Chinese characteristics in this country. In face of the drastic changes in the international situation and serious natural disasters at home, the Chinese people of all nationalities, closely rallying around the CPC Central Committee with Comrade Jiang Zemin as its core, have achieved major successes that have astonished the world in upholding the party's fundamental line of "one center, two basic points" designed by Comrade Deng Xiaoping for the initial stage of socialism.

Both the national economy and social undertakings have experienced full-scale development. China's GNP increased by 7 percent in 1991 over the previous year. With grain output totaling 435.24 million metric tons and cotton output reaching 5,663,000 metric tons, gross agricultural output value grew by 3 percent over the previous year, making 1991 another bumper harvest year despite the serious natural disasters. Industrial growth was fairly high as gross industrial output value increased by 14.2 percent over the previous year. Output of major industrial products continued to increase, with the raw coal output amounting to 1.09 billion metric tons, crude oil totaling 139 million metric tons, steel outstripping 70 million metric tons, cement totaling 248 million metric tons, and chemical fertilizer amounting to 19.88 million metric tons. Thus this country's economic strength has been further enhanced. The nation's total investment in fixed assets increased by 18.6 percent over the previous year, with a total of 215 large and medium capital construction projects and major technological transformation projects completed in the year, including: The Baoshan Iron and Steel Corporation Phase Two project, with an annual capacity of 3 million metric tons of iron and 3 million metric tons of steel; the Yangzi and Qilu Ethylene Projects, with an annual capacity of 300,000 metric tons of ethylene each; the Shanghai Nanpu Bridge project; the Qinshan nuclear power plant project; the Yunnan Lubuge hydropower station; Qinghai's Xining Caojiapu Airport project; and the development of the Tarim oil field in Xinjiang. Major items of newly increased productive capacity of the year comprise 27.14 million metric tons of coal, a power generating capacity of 11.84 million kilowatts, and 14.91 million metric tons of oil. As far as investment

is concerned, preference has been given to such basic industrial sectors as the energy industry, communications and transportation, raw and processed materials, and water conservation facilities, and the investment structure has been further improved, which has helped increase this country's potential for future economic development. As the domestic market flourished with brisk buying and selling, the total volume of retail sales actually increased by 10 percent over the previous year. Customs statistics show that the total import-export volume increased by 17.5 percent, and the state's spot exchange balance increased substantially. Commodity prices remained generally stable across the country, and the general level of retail prices rose by 2.9 percent for the whole year, the living standards in urban and rural areas continued to improve while savings deposits kept on increasing. New progress has been made in science and technology, education, culture, public health, sports and physical culture, defense, and other sectors.

New strides have been made in reform and opening up. With regard to agriculture, the contract responsibility system on a household basis with remuneration linked to output has been further consolidated and improved, the socialized service system for agriculture and the farm product market have been developed, and the specialized grain reserve system has been established. With regard to industry, the contract responsibility system for enterprise management has been further improved, and a series of reform measures have been adopted to improve the external environment, transform internal mechanisms, and invigorate large and medium state-owned enterprises. With regard to price reform, the par level of grain and edible oil supplied to urban residents by quota, which had remained unchanged for 25 years, was adjusted. As a result, the prices of some basic industrial products which had long been on the low side were raised, and for some products, the double-track system that had given rise to price differences for the same product within and without the state plan was terminated, or the price gap was narrowed. All these measures are conducive to straightening out price relations. New progress has been made in the reform of the planning, financial, and circulation structures. All kinds of economic levers have been more frequently used to regulate economic operation. Pilot projects in the reform of the housing, social security, and other systems have been expanded and speeded up. The new system designed for foreign trade enterprises pursuing the principle of self-management and full responsibility for one's own profits and deficits has been implemented step by step. The process of opening up to the outside world has been further expanded, and Shenzhen and other special economic zones, as well as other open areas, have made new, encouraging achievements. The operation to open up and develop the Pudong new zone in Shanghai has been carried out step by step. Last year witnessed an all-time high both in terms of the amount of foreign funds drawn in or the value of direct investments made in China by foreign businessmen. Last year saw the

founding of more than 12,000 new foreign-funded enterprises, an increase of \$12 billion in the value of contracts on direct investments by foreign businessmen, and an increase of \$4.37 billion in the value of direct investments. Contracts were signed on a large number of large-sized projects to be run in cooperation with foreign partners.

The political situation characterized by stability and unity has been further consolidated. In contrast to the turbulent international environment, China has enjoyed political and social stability and a calm and unruffled mood on the public's part. The Chinese people of all nationalities are now more determined to build socialism with Chinese characteristics. Political involvement and democratic supervision by all democratic parties and personalities without party affiliation have been gradually developed into regular practices and systems. A new situation has emerged in our effort to promote unity and common prosperity among all nationalities. Remarkable progress has been made in comprehensive management of social security. An "antipornography" operation was launched and action was taken to crack down on all kinds of criminal activities. People involved in corrupt practices were punished according to the law, a number of lawbreaking and discipline-violating cases were handled, and some evil social phenomena were curbed. Thus, clean and honest government has been promoted and the development of socialist civilization has been expedited. In particular, when encountering serious natural disasters, the civilians and military troops throughout the country closed ranks and struggled tenaciously as one, and the people in the disaster-afflicted areas were supported by the people in all other localities. The losses caused by the disasters were thus reduced to a minimum. This reflected the flesh-and-blood ties of the party and the government with the masses and also demonstrated the superiority of the socialist system in our country and the rallying force of the Chinese nation. [applause]

Nineteen ninety-one was the first year of China's implementation of its Eighth Five-Year Plan and its 10-Year Program, and was the third year of the economic improvement and rectification. We have not only rather comprehensively fulfilled the principal targets of national economic development set for the first year of the Eighth Five-Year Plan; thanks to great efforts by the people of all nationalities throughout the country over the past three years, we have also brought inflation under control and made a turn for the better in the economic order in 1991. The year witnessed steady economic growth after bumper agricultural harvests for many consecutive years running, commodities were in ample supply on the market, and the people lived and worked in peace and contentment. All these achievements are hard won as they were made at a time when we were struggling in defiance of economic sanctions imposed by some countries against us. China's present economic situation indicates that the main aims of the economic improvement and rectification operation have been

basically fulfilled, and this process, as a specific stage of economic development, has now ended as scheduled. That the economic improvement and rectification operation progressed rather smoothly over the past three years should be attributed to the substantial growth in economic strength that China has achieved since the adoption of the reform and opening up policy. Reform and opening up have ensured the smooth accomplishment of the economic improvement and rectification, which in turn has paved the way for still greater progress in reform and opening up.

Our country's present economic situation on the whole is getting better and better, but in the process of advances, there still exist some problems that must not be neglected. Progress in adjustment of the economic structure was still too slow; no fundamental change was made with regard to the poor economic results recorded and serious business losses incurred by some enterprises; duplicated construction seems to be on the rise again; there was an increase in financial deficits, and the scale of credit extension and money supply was expanded; the potential inflationary pressure remained; and the unreasonable pattern of income distribution was not changed fundamentally. Some of these problems accumulated many years ago, but others arose in recent years. They gave comprehensive expression to various contradictions in the actual economic life. We must make unremitting efforts for a long time to gradually solve these problems through in-depth reforms, expanded openness, and accelerated economic development.

In retrospect, all achievements we made in 1991, in the three-year economic improvement and rectification, and in reform and opening up over the past 13 years were, in the final analysis, attributed to our implementation of the party's basic line, which is marked by "one center and two basic points." This basic line perfectly conforms with the people's wishes, and has struck root in the hearts of the people, so it must be maintained and carried out for a long time. In the future, we must carry out this line firmly and better, focusing our attention on the following main points:

It is necessary to firmly grasp economic construction, which is the center of our work. Socialism's fundamental task is to emancipate and develop productive forces. All other undertakings must be submitted to and serve this center. The past few years witnessed economic growth and improvement in China's living standards. This is the fundamental reason why we are able to withstand the test of the grim situation at home and abroad. To stand firmer in the East, socialist China must concentrate its strength on its domestic affairs and make sure that they are done properly. The key is to boost the national economy more effectively and more quickly. We must set our sights high; work in a down-to-earth manner; stress economic results; do our best to ensure a sustained, steady, and well coordinated economic development; and upgrade our country's economy to a higher level every few years. Only in this way will we be able to

do away with the root cause of peaceful evolution, thus consolidating and perfecting the socialist system.

Reform and opening up is the only way to emancipate and develop the productive forces. Revolution's purpose is to liberate the productive forces, and reform's purpose is the same. We just want to emancipate and develop the productive forces through reform and opening up under the socialist system. Over the past 10 years or so, China has undergone tremendous social and economic changes. The root of our success lies in reform and opening up. Now that we are striving to fulfill our second-stage goal and to realize the entire modernization program, we cannot do without in-depth reform and expansion of the opening-up process. The principal criterion to judge whether the reform and opening up is a success or failure is to see whether it helps promote the socialist society's productive forces, whether it helps increase the socialist country's comprehensive national strength, and whether it helps enhance the country's living standards. In the process of reform and opening up, we must emancipate our minds; pursue the principle of seeking truth from facts; boldly blaze new trails; be brave in and adept at assimilating all fruits of civilization created by human society, all of the advanced technology developed by all nations, including developed Western countries, and all advanced management forms and management methods that are in keeping with the laws of modern socialized production; and use all these in the interests of socialist modernization.

Upholding the four cardinal principles is the basic guarantee for reform and opening up and economic development. Only socialism can save China, and only socialism can develop China. Therefore, we must uphold the four cardinal principles, guard against the ideological trend of bourgeois liberalization, and take note in good time of any of this tendency's symptoms. We must never let it spread unchecked; otherwise, the consequences will be dreadful to contemplate. It is necessary to use the people's democratic dictatorship as a weapon to defend the socialist system under the CPC's leadership and thus promote economic development and social progress. In this way we will be able to get a firm foothold and remain in an invincible position.

Maintaining social and political stability is the prerequisite for the success of reform and opening up and for economic development. The progress of reform and economic development is impossible amid turmoil. A country will thrive if it can maintain political stability or will be thrown into turbulence if it fails to do so. Maintaining long-term social and political stability is in keeping with the fundamental interests of both the Chinese people and the world. The purpose is, after all, to ensure smoother reform and development. Only when reform is constantly developing in depth and the economy keeps growing will it be possible for us to constantly upgrade living standards, lay down a solid foundation for perpetual social stability, and fully display the superiority of the socialist system.

We should persist in and be tough in applying dual tactics in work. In other words, we should carry out reform and opening up, on one hand, and attack all kinds of criminal offenses, on the other; build material civilization, on the one hand, and spiritual civilization, on the other. We should never be softhearted in attacking all kinds of criminal activities and wiping out all kinds of ugly practices; otherwise, we will suffer great setbacks. Cadres at all levels should perform their official duties honestly, keep themselves free of corruption, and firmly foster the idea of serving the people. This is a great event related to the future and destiny of the country.

We should sum up experience promptly and foster a practical-minded work style. As there is no ready pattern to follow in building socialism with Chinese characteristics, we can only advance by exploration. Therefore, we should encourage bold experiments, increase abilities through practice, and break new paths. At the same time, it is necessary to promptly sum up experiences, uphold correct ones, rectify incorrect ones, and try to discover and resolve new problems cropping up in practice. Practical results should be stressed in both study and work. We should creatively open up a new situation, guard against formalism, and overcome bureaucracy. In this way, we can avoid or make fewer mistakes and smoothly attain the goal of construction and reform.

2. Seize the Good Opportunity and Speed Up Economic Development

At present, favorable conditions are available both at home and abroad. In addition, we have the advantage of the socialist system which can concentrate resources to run any big project. Therefore, in the long modernization process to come, we need and can launch a series of programs stage by stage which are designed to achieve a fairly high growth rate and good economic returns. Opportunity knocks but once. We must seize this golden opportunity, concentrate our resources, and further speed up national economic development. The focus of economic work in 1992 is to step up structural readjustment and operations to increase efficiency. In particular, we must strive for greater success in boosting agriculture and invigorating large and medium state-owned enterprises.

This year's plan demands that, on the basis of maintaining a basic balance between aggregate social demand and supply, the GNP increase by 6 percent and society's fixed assets [as heard] rise by 8 percent. Investment should conform with industrial policy to prevent blind development and duplicate construction. Total retail sales volume of social commodities will increase by 12.3 percent, the scope of money supply and credit will remain basically the same as last year's, and retail price increases should be controlled below 6 percent. Considering that the work of improving the economic environment and rectifying the economic order has just ended, and that there are still some unstable factors in economic development, economic work at present should focus on adjusting the structure and improving results. Therefore,

room has been left in planning and arranging this year's economic growth rate. We should strive to do a good job to seek even better results in actual implementation. Regions having the conditions should go faster whenever possible.

We should continue to make great efforts in agriculture and strive for faster rural economic development. In this year's rural work, we should implement the decision of the Eighth Plenary Session of the 13th CPC Central Committee in an all-around way, continue to stabilize the contract responsibility system on a household basis with remuneration linked to output, constantly improve the two-tier management system in which unified management is combined with separate management, actively develop the agrarian socialized service system, and gradually expand the collective economic strength. We should take resolute and effective measures to ensure the implementation of the strategy of invigorating agriculture by means of science and technology and education. We should transform medium- and low-yield fields in a planned way, gradually adjust the agricultural production structure on the basis of maintaining the stability of total agricultural products, and devote major efforts to developing high-yield, good-quality, and highly efficient agriculture. We should stabilize the prices of agricultural production materials and resolutely stop arbitrary financial apportioning and arbitrary collection of charges to really reduce the peasants' burden. Deepening the reform of the price and circulation systems of agricultural products is the key to further developing the rural commodity economy. We should actively promote the reform of the grain purchase and marketing price system; further set up and perfect the storage and regulatory system of cotton, grain, cooking oil, and other major agricultural products; develop wholesales and futures markets; and practice multichannel circulation. In the course of giving play to state-run, cooperatives and other commercial channels, we should support the peasants in carrying out commercial circulation and in developing tertiary industry.

Township and town enterprises play quite an important role in the rural economy and have now become an important force in the entire national economy. They should be encouraged to develop healthily according to state industrial policy. The state and localities should devote major efforts in helping central and western regions as well as economically undeveloped regions to develop township and town enterprises so that they will change their backwardness as soon as possible and improve peasant lives.

After the serious floods, we should pay more attention to the construction of irrigation projects, focusing on the comprehensive harnessing of the Huai He and the Tai Hu. All localities should strengthen the work of harnessing small and medium rivers and engage in capital construction of farmland irrigation projects. Drought has been serious in some regions since last winter and this spring. We should conscientiously strengthen the work of combating drought. We should do a good job

with regard to urban and rural water supplies and alleviate the shortage of water resources. We should rationally use land, really protect farmlands, reclaim wastelands and shoals suitable for agriculture and animal husbandry step by step, and do a better job in soil protection and in maintaining the vegetation of forests and grasslands. The current efforts devoted to tree planting and afforestation carried out by the entire people will benefit our descendants, and this should be upheld persistently.

We should strive to improve large and medium state-run enterprises and make major efforts to readjust their structures and increase their economic efficiency. To raise our country's economy to a higher level, we must speed up economic structural readjustment, continually push ahead with scientific and technological advancement, constantly increase economic efficiency, and earnestly improve the vitality of large and medium state-run enterprises. The 20 measures proposed last year for improving large and medium state-run enterprises are being implemented step by step, and initial results have been achieved. There will be much hope if we continue to do down-to-earth work. All enterprises, especially large and medium state-run enterprises, must deepen reform, exercise strict management, tap internal potential, speed up capital turnover, improve product quality, reduce production costs, and strive to increase profits so that they will be able to bring about a remarkable turn for the better in economic results this year.

Over the past few years, great changes have taken place in relations between market supply and demand and in consumption structure. Therefore, it is imperative to carry out structural readjustment. The structures within primary, secondary, and tertiary industries should be readjusted. This year, we must closely focus on enterprise product mix readjustment and enterprise organization structural readjustment. We must gradually close down, suspend operation of, amalgamate, and shift lines of production of those enterprises with surplus production capacity, overstocked products, backward technology, or long-standing losses. We must continue to carry out the Year of Quality, Variety, and Efficiency activities and encourage enterprises to develop new products, improve product quality, raise product grade, and increase product variety through technological innovation to meet market demands.

This year, we must make continued efforts to clear up debt chains, conscientiously solve the problem of incurring new debts after settling old ones, continue to restrict production of unsalable or overstocked products, compress irrational overstocking, vigorously turn losses into profits, strive to open up both international and domestic markets, actively open up new science and technology markets, and strive to open up more rural markets. We must continue to give scope to and set up enterprise groups and strengthen their self-development and market competition capability with an eye to developing more comprehensive economic efficiency among

enterprises. We must combine product mix readjustment with enterprise structural readjustment, advocate amalgamation and shifting lines of production of as many enterprises as possible, and close down and suspend operation of as few enterprises as possible, thereby maintaining a stable contingent of staff and workers.

The investment in fixed assets will mainly go to energy, communications, telecommunications, raw and processed materials, agriculture, water conservancy, and other types of infrastructural industries. We should support high- and new-tech industrial development, and speed up the building of residential quarters for residents. In carrying out capital construction and technological transformation, we must grasp key aspects, concentrate investment, and form an economic scale. We must also push further ahead with processing industry development by dint of technological transformation. We must make earnest efforts to speedily end the phenomenon of blindly increasing investment and building projects through strict state industrial policies, enhanced scientific demonstration and management of projects, and strict control of credit and loan scale; otherwise, colossal waste would ensue, upsetting the aggregate equilibrium of the overall national economy and causing difficulties to future economic development. This year, our total nationwide investment in fixed assets will reach 570 billion yuan. We must try to raise funds by all means and through all channels and increase construction speed and efficiency.

We should actively develop scientific and technological and educational undertakings and improve overall national economic quality. To actively develop scientific and technological and education undertakings and improve overall national economic quality, we must conscientiously implement a guiding ideology advanced by Comrade Deng Xiaoping of science and technology being primary productive forces and must strive to promote economic development by dint of scientific and technological progress and quality improvement of laborers. We must adhere to the principle of relying on science and technology in economic construction and catering scientific and technological achievements to economic construction and bring about an organic integration of science and technology and economy.

In updating enterprise technology we should aim at improving economic results and vigorously popularizing advanced and suitable scientific and technological achievements. At present there are tens of thousands of important scientific and technological achievements at provincial and ministerial and above levels in China every year. Of these, scientific and technological achievements at state level number several thousand. The main task at present is to conscientiously popularize and use scientific and technological achievements and build a mechanism which can transfer science and technology into actual productive forces fairly quickly. It is

necessary to enthusiastically popularize the use of electronics technology, transform traditional industries, save energy, reduce consumption, develop new products, and improve product quality.

We should promote integration between agriculture, science, and education, gradually forming a mechanism beneficial to rural scientific and technological progress, educational development, and agricultural rejuvenation. We should continue to carry out the "Spark Program," the "Prairie Fire Program," and the "Harvest Program" and forge better coordination between them so that they produce comprehensive results. We should continue to do a good job in using science and technology to help poor areas and in developing regional industries in support of agriculture.

To fulfill the grand target of modernization, we must earnestly implement the high-tech research and development program, taking full account of the role of scientific research institutes, higher learning institutions, and key enterprises. We should strive to run high and new technological industrial development zones properly, bringing about the industrialization of high and new technologies.

In the high and new technology field, China should also gain a foothold in the world. This will make the people happy and increase the national strength.

It is necessary to strengthen basic research, bolster our scientific and technological strength, and develop science and technology.

We should increase investment in science and technology, improve and amplify the system of protecting intellectual property rights, and give play to the patent system's role in developing scientific undertakings and economic construction.

Education constitutes the basis for developing science and technology and improving work force quality. Educational reform must be deepened. We should conscientiously implement, in a comprehensive way, the educational policy enabling everyone receiving an education to develop morally, intellectually, and physically and constantly improve the quality of education. We should continue to pay attention to and improve moral education, teaching the students, particularly university students, about modern history, contemporary history, and national conditions, to arouse their patriotic feelings and strengthen their confidence in building socialism with Chinese characteristics.

We should maintain the present scope of higher education, optimizing the structure and further gearing them toward economic construction. We should continue to carry out comprehensive educational reform in rural areas and do the pilot project work properly to this end. It is necessary to reform the examination and promotion systems in primary and secondary schools to facilitate implementation of educational principles. We should

take effective measures to further improve the system of general education, adult education, and in-service education.

Schools of various types at different levels must gradually reform the internal management system and the assignment system to improve management efficiency and to bring into full play the enthusiasm of the broad masses of teachers for running schools.

We should give full play to the initiative and creativity of the broad masses of workers, peasants, and intellectuals. Socialist modernization is the undertaking of hundreds of millions of people. To bring about further progress and development in China's economic construction and other social undertakings, we must take the mass line on all fronts, genuinely safeguard the masses' status as masters of their country, and mobilize and give play to their creative spirit. Intellectuals are part of the working class and play a particularly important role in modernization. Governments at all levels should continue to create the necessary working and living conditions for intellectuals and to encourage them to face reality and go deep among workers and peasants so that they can give better play to their wisdom and talents. Chinese students studying abroad are the country's precious wealth. Despite their past political attitudes, we welcome them back to participate in socialist modernization and repay the motherland's kindness. We should make proper arrangements for them when they come back. We should continue to propagate the exemplary deeds of outstanding intellectuals and develop a feeling of respect in society for knowledge and for talented people.

Fellow deputies, during the last three years of improving the economic environment and rectifying the economic order, the State Council, ministries, commissions, and all levels of local government have issued a number of documents. Taken as a whole, these documents have played a positive role in promoting the work of improving the economic environment and rectifying the economic order. Now, the work of improving the economic environment and rectifying the economic order has ended. The State Council, ministries, commissions, and all levels of local government should seriously screen these documents. Documents still playing a positive role should continue to be implemented and those unsuitable for the present situation or economic development should be revised or revoked through public proclamation. The purpose of carrying out economic construction and the drive of reform and opening up to the outside world is to continuously improve the people's material and cultural lives. This year, according to the plan, there will be a moderate increase in employees' wages. Enterprise employees' wages will be increased on the basis of improved efficiency. The levels of official wages and bonuses of administration and institution employees will be increased appropriately. Special subsidies will continue to be given to intellectuals who have made outstanding contributions. Through developing the rural economy and appropriately raising grain purchasing prices, the peasants' income will be increased. We will

continue to implement the policy of advocating and encouraging some localities and individuals to prosper before others. Common prosperity will be gradually achieved through state macroeconomic regulation and control and all forms of assistance of mutual benefit among different regions. China's modernization is still in a stage of initial development. China has a huge population. Its economic development is very uneven. To achieve the goal of modernization, the burden is heavy and the road long. Therefore, it is necessary to foster a good common practice of self-reliance and hard struggle and of building the country and running all undertakings by thrift and diligence for the long term among all members of society. It is necessary to try every possible means to raise revenues and reduce expenditures, intensify tax collection and management, tighten auditing supervision, enforce financial and economic discipline, reduce institutional purchasing power, strictly control the establishment of state administrative organs and their personnel staff. Efforts should be made to gradually reduce state financial deficits. This year we should make sure that the deficits will not go beyond the state budget.

Family planning and environmental protection are two basic national policies of China. Thanks to efforts from all sides concerned, last year the birth rate dropped to some extent. Governments at all levels should continue to strengthen leadership; implement laws, regulations, and policies concerning population control; adhere to the policy of coordinated development of environmental protection and economic development; and strengthen environmental supervision, control, and service so that more localities and cities will have better environmental quality.

Fellow deputies, the Three Gorges Project, which is of great concern to the people throughout the country, is a huge project with comprehensive functions of controlling floods, generating electricity, navigation, and water supply. Theoretical representations have been going on for years. Examination results suggest that the construction of the Three Gorges Project is necessary, technically feasible, and economically reasonable; following the economy's development, our national strength will be able to undertake it. The State Council has made a special proposal to this session, suggesting that the Three Gorges Project construction be listed in the 10-Year Program for National Economic and Social Development. The State Council will select an appropriate opportunity for its implementation according to the actual situation of the national economy. Please examine this proposal.

3. Speed Up the Pace of Reform and Expand the Scope of Opening Up

Fundamentally speaking, reform is aimed at changing the economic structure which restricts the development of the productive forces, setting up a socialist economic structure full of vitality and vigor, and promoting the development of the planned commodity economy. In the

last few years, China's policies have remained stable, its economy has seen sustained development, and the work of improving the economic environment and rectifying the economic order has been smoothly completed. All these have created more favorable conditions for deepening reform and expanding the scope of opening up. We should continue to emancipate the mind, be bold in blazing new trails, and make bigger strides in reform and opening up.

We should take vigorous action to carry out enterprise reform and change and improve operational mechanisms. Enterprise reform is the focus of economic structural reform this year. All large and medium state enterprises should make real efforts to change and improve their operational mechanisms. Government departments should reduce or get rid of unnecessary intervention in enterprise production and management and make a real determined effort to push enterprises into the market so they will gradually become socialist commodity producers and dealers which operate independently, bear sole responsibility for their own profits and losses, have the ability to develop themselves, and exercise self-discipline. In this regard, greater steps should be taken and more pronounced results should be achieved this year. The State Council is formulating interim regulations on transforming the operational mechanisms of industrial enterprises owned by the whole people to guarantee the enforcement of the "Enterprise Law." It is necessary to continue to improve various kinds of contracted management responsibility systems and reform enterprise labor and personnel systems, the wage distribution system, and the social security system. We should improve the method of linking economic results to total wages, properly and steadily reform the income distribution system within enterprises mainly through introducing wage-related posts and functions, and further smash egalitarianism. We should improve the leadership structure in enterprises, give play to the role of the party organizations as a political core, maintain and improve the factory director responsibility system, and wholeheartedly rely on the working class.

The implementation of a joint-stock system is an effective way of raising construction funds and supervising the management of public enterprise assets. We must actively start pilot projects such as issuing shares and establishing stock markets in selected areas, step up personnel training, perfect rules and regulations, improve business order, and make the joint-stock system serve socialist construction.

We should take vigorous action to carry out coordinated reforms in other fields, and strengthen and improve macroeconomic management. This year, efforts will be focused on reforms related to enterprises reform, and they are mainly reform of the price system and the circulation system, the financial management system and the planning system, and the housing and social security systems. It is necessary to establish rational

price-competition mechanisms through the rationalization of price relations, which is of great significance to the development of the national economy as a whole. Reform in this field also has a major bearing on the immediate and vital interests of the people. So it should be carried out practically and prudently under the premise of maintaining the stability of prices on the whole. The rise in the general price level should be kept within a range that can be borne by the state, enterprises, and the masses, so market stability can be maintained. Reform of the circulation system should be quickened in order to facilitate the circulation of commodities. This is an important aspect of economic structural reform as a whole. It is necessary to further cultivate the market system, develop wholesale markets for both consumer and producer goods, and run on a trial basis futures markets and raw material distribution centers to serve enterprises. Various means and methods should be adopted to promote the development of the capital market, the technology market, the information market, the property market, and the labor market. We should step up the building of the legal system and supervision and management. Transaction rules should be improved, and illegitimate competition should be checked. The operation of various types of markets should be regularized and standardized so that good order can be kept in the field of commodity circulation. Intensive action should be taken to crack down on activities of producing or selling counterfeit and shoddy commodities, and the interests of consumers should be protected. The tertiary industry remains a weak link in our national economy, and great potential exists there, so great effort should be made to promote its development.

Beginning this year, the state will adopt a deficit-free budgetary system, which marks an important reform of the financial management system. When carrying out a deficit budget, we should strictly differentiate the nature of receipts and expenses. A fixed quote system should be adopted for operating expenses, and no change should be made, while construction budgetary expenses should be taken as the state's capital fund and mainly be used to finance major state construction projects. The scale of construction should be decided according to actual conditions in raising funds. It is necessary to quicken the pace of carrying out such reform pilot projects as the tax division system, the separation of profit turnover from tax payment, and management contracts based on the target of after-tax profits. Efforts should be made to explore ways to rationalize distribution relations between central and local authorities and between the state and the enterprise. It is necessary to further the in-depth reform of the management system, maintain a monetary and credit policy which is conducive to keeping the balance between gross supply and demand and to adjusting the economic structure. The central bank's capacity for macroeconomic control and regulation should be strengthened, its operational mechanisms should be improved, and the securities market should be opened and developed. The planning system and the mode of management should be further reformed in light

of the principle of combining the planned economy with market regulation. Planning and market are both means of regulating and controlling the economy. They can be used in both socialism and capitalism. We should further adjust the scope of mandatory plans, guidance plans, and market regulation according to the objective needs in our economic development, thus giving better play to the regulatory role of market mechanisms. Government institutions should continue to change their functions in light of the principle of separating enterprises from government institutions and separating management from ownership, strengthen and improve macroeconomic regulation control, and, at the same time, reform the state property management system, thus consolidating and developing the public economy and closely guiding the healthy development of other economic elements.

Reform of the housing system and social insurance system must take a bigger stride forward. The masses of people will benefit from these reforms, but they must also carry out corresponding obligations and understand that it is a rather difficult job. However, through experiment in the previous stage, the broad masses of people have gradually understood and accepted it. As the situation of economic development varies in different areas, the state will not put forth a unified policy for carrying out these reforms. All localities can adapt their measures to their local conditions. No unanimity will be imposed on them. All kinds of social insurance undertakings are of great importance to promoting economic development and social stability. It is necessary to develop them more enthusiastically.

It is necessary to continuously expand opening up to the outside world and more successfully promote domestic economic growth. After more than 10 years of hard work, our country has implemented opening up on a comprehensive scale. We must further expand the scope of opening up, increase efficiency, and raise opening up to the outside world to a new level.

We must continue to successfully manage the Shenzhen Special Economic Zone (SEZ) and various other SEZ's as well as economic and technological development zones, open cities, and open areas to bring about faster economic growth and more rapid urban construction in those areas and enable them to play a better role as windows and radiators for the cause of reform and opening up, thus expediting the development of an export-oriented economy. The new Pudong district in Shanghai will become a focal point of opening up in the coming decade. We must further strengthen the construction of basic facilities, create a favorable investment environment, build a number of projects with greater investment efficiency, and promote the opening up and development of Shanghai's Pudong with a view to promoting the economic development of the Chang Jiang Delta area, even the entire Chang Jiang valley, and gradually developing Shanghai into one of the Far East's economic, financial, and trade centers. The State Council has recently given the go-ahead to the building

of Hainan's Yangpu Economic Development Zone with foreign investment and has approved Manzhouli, Heihe, Suifenhe, and Hunchun as new open cities in border areas. These areas should step up planning, train personnel, and push ahead more successfully with reform and opening up work.

We welcome more foreign businessmen to invest in China. At the same time, we must continue to improve the investment environment and offer correct guidance for investment orientation. The stress in attracting foreign capital must be put on advanced technologies and items which are marketable and competitive internationally. It is also necessary to pay attention to combine it with speeding up technological transformation in China's enterprises. China is willing to purchase advanced technology and equipment from abroad by various forms, including the use of loans provided by international economic organizations and foreign governments and credit provided by the sellers. China is a market with great potential for development. We are ready to carry out extensive economic, trade, and technological cooperation with other foreign countries.

This year, we must strive to consolidate and develop the achievements of reform of the foreign trade structure we scored last year and further expand foreign trade. In deepening foreign trade structural reform, we should focus on reform of import and export management measures, promote the pluralization of the foreign trade market, endeavor to suit the needs of the international market, improve the quality of export products, and strengthen marketing and service work. It is necessary to give the right of foreign trade and export to those enterprise groups and industrial enterprises with good conditions for exporting their products. It is necessary to establish gradually a number of economic integrations characterized by the combination of industry and trade, animal husbandry and trade, agriculture and trade, and domestic and foreign trade. It is necessary to try to expand contracts for foreign projects and labor export, steadily develop transnational operations, and promote border trade step by step in inland border areas, areas inhabited by minority nationalities, and areas opening to the outside world. It is necessary actively to expand science and technological cooperation and cultural exchange with various countries in the world and speed up the development of tourism undertakings. It is necessary to run well the activities of Friendship and Visit China Year. We welcome more foreign friends, compatriots from Taiwan, Hong Kong and Macao, and Overseas Chinese to visit China.

4. Create a Better Social and Political Environment for Economic Construction, Reform, and Opening Up

An important guarantee of continued material civilization building is to step up socialist spiritual civilization, democracy, and legal system building, these also being important goals for building socialism with salient Chinese characteristics. In 1992, government work must more fully embody overall modernization building

requirements and aim to consolidate and develop a political situation of stability and unity apart from promoting spiritual and economic construction at the same time, continually maintain social stability; and further push ahead with spiritual civilization, democracy, and legal system building in addition to the development of various other social undertakings.

It is necessary to actively push ahead with government institutional reform in accordance with the principle of separating government administration from enterprise management. Along with in-depth economic structural reform, expanded opening up to the outside world, and continued modernization building, we must actively and assuredly push ahead with government institutional reform. At present, redundant and over-staffed government institutions known for their complex operational procedures and poor efficiency are exerting a negative impact upon economic construction and reform and opening up in many aspects. This year, we must work out and gradually implement a plan for streamlining government institutions; cutting down on surplus personnel; and establishing a civil service system on the basis of in-depth investigations and study and in accordance with the principle of separating government administration from enterprise management, shifting functions, streamlining administration, and increasing efficiency. Some governments at the county level, such as that of Huarong County in Hunan Province and that of Xixian County in Shanxi Province, have already obtained valuable experience from their operation to streamline administration and improve services. Their experience should be conscientiously summed up and popularized. Governments at all levels must gradually establish and perfect democratic and scientific decisionmaking systems and procedures; consciously accept supervision by people's congresses and their standing committees; and give full scope to the political consultation and democratic supervision roles played by various CPPCC [Chinese People's Political Consultative Conference] committees, democratic parties, public figures without party affiliations, and people's organizations. We must continue to select and promote outstanding elements from among the democratic parties and public figures without party affiliation to leading posts at all levels and engage in all sorts of democratic supervision work. We must step up democracy building at the grass-roots level, perfect an enterprise democratic management system and a system of autonomy for residents and villagers, and further enliven democratic life at the grass-roots level. While advancing building of democracy, we should also step up building of the socialist legal system. We must also speed up our pace in drafting relevant laws, working out relevant administrative decrees, improving law enforcement functions involving administrative organs, and perfecting the mechanism of supervision over law enforcement functions involving administrative organs. We must carry out in-depth publicity and education on the legal system, enhance a sense of law among all the people, and work hard to push all types of work into the legal system's orbit.

Do ideological and cultural work properly and promote the building of socialist spiritual civilization. Under the situation of deepened reform and opening wider to the outside world, many new problems and circumstances have cropped up on the ideological and theoretical fronts as well as on the educational and cultural fronts. Therefore, we should carry out in-depth and protracted education, adhering to the four cardinal principles, among the broad ranks of cadres and the masses, particularly the young people, at different levels and using varying means. Leaders at all levels must persistently follow the principle of paying equal attention to building the material and spiritual civilizations and increase the faith of each consecutive generation of Chinese people in taking the road of building socialism with Chinese characteristics.

We should extensively publicize heroic and typical models and their exemplary deeds from all fronts and the efforts made by the people to carry forward patriotism, collectivism, and socialism. We should carry forward the tradition of self-reliance and hard struggle, abiding by professional and social ethics. The purpose of the ongoing socialist education in the rural areas is to enable the peasants to acquire a profound understanding of the party's basic line. We should strengthen the building of basic level organizations and continue to lay stress on, and do a good job in, promoting rural economic development.

Raising our cultural level is an important aspect of building spiritual civilization. It is necessary to: Uphold the principle of "serving the people and socialism" and of "letting a hundred flowers blossom and a hundred schools of thought contend"; carry on the excellent traditional Chinese culture; actively absorb advanced civilization created by other countries; and promote the development of various cultural undertakings. We should pay attention to both rectification and progress, continue the struggle against pornography, and build more cultural facilities.

The broad ranks of literature and art workers should go deep into the realities of life and the masses, and create more works commensurate with this great era to enrich the cultural lives of the masses. Focused on conducting positive education, the press, publication, radio, film, and television units should reflect the new outlook of the socialist modernization program and play the role of uniting, serving, and educating the people. In social science work, we should stick to the guidance of Marxism-Leninism-Mao Zedong Thought; conduct in-depth studies of political, economic, and cultural theories and practical problems concerning the building of China's socialist modernization program; and contribute to reform and construction.

It is necessary to improve public health, medical and prevention work, and health protection work in rural areas. We should pay attention to prevention of the diseases which seriously harm the health of the masses.

We should strengthen medical management and supervision over public health work and vigorously develop mass sports to build up the people's health. China's sports should be further upgraded. The Chinese Government supports the Beijing Municipality's bid to sponsor the 2000 Olympic Games.

It is necessary to continuously adopt comprehensive measures to improve social order and maintain social stability. Social order is a matter of mass concern and, despite the marked results achieved in improving social order, criminal offenses are still rampant. The governments at all levels should continue to adopt resolute measures and ensure a prompt and marked improvement in social order. We should sternly punish those involved in prostitution, visiting prostitutes, abduction of women and children, and drug addiction and trafficking according to law. Activities inside and outside our borders which endanger state security and the force of organized crime [hei she hui] must be resolutely struck at.

It is necessary to deepen the struggle against corruption and strengthen the building of a clean and honest government. The party and the government pay close attention to building a clean and honest government. We have achieved certain results in the struggle against corruption in the past few years, but problems in this regard are still quite serious. From the high plane of the life or death of the country we must understand the importance of resisting corruption and preventing changes [jiu fu fang bian] and unremittingly carry out the struggle against corruption. The stress of the work this year is to continue to deal resolute blows to the embezzlers and bribe takers, to rectify unhealthy trends in various trades, and to promote the building of a clean and honest government. In building a clean and honest government, we should rely on education, democratic supervision, and particularly on the legal system.

Various departments and industries should choose incidents and problems with which the masses of people are most dissatisfied, concentrate their efforts to tackle such incidents and problems as special projects, and strive to achieve actual results. Corrupt elements, such as those engaged in graft and embezzlement and those carrying out extortion and taking of bribes, must be resolutely punished according to law and must not be tolerated no matter what their positions are. Leading bodies and leading cadres must exemplarily abide by the rules and regulations of the party and the state, set an example, and be honest in performing their official duties. It is necessary to give full play to the role of law-enforcement and supervision departments and to encourage and support democratic parties and mass organizations, mass media, and the masses to exercise supervision. We should rely on the masses of people to struggle against various corrupt phenomena.

It is essential to carry forward the fine tradition of our Army and to strengthen the modernization of national defense. The Chinese People's Liberation Army [PLA],

the armed police force, and public security cadres and police are the firm pillars guarding the motherland and unswervingly pursue the purpose of serving the people wholeheartedly. They have performed immortal deeds in socialist construction, reform, and opening to the outside world. They appear wherever there are difficulties and dangers. They have thus greatly contributed to protecting state property and the safety of people's lives.

The armed forces should further pay attention to building themselves with quality and follow the system of crack troops with Chinese characteristics. They should strive to be qualified politically, to be able to pass the stiffest test militarily, to have a fine work style, to observe strict discipline, to be backed by reliable logistic support, and to increase their fighting capabilities in an all-around way, in order to make new contributions to safeguarding the sovereignty and modernization of the motherland.

It is necessary to further strengthen the work of supporting the government and cherishing the people and supporting the Army and giving preferential treatment to families of revolutionary soldiers and martyrs, to carry out extensive activities in building model cities in this regard, to make joint efforts by soldiers and people to build spiritual civilization, and to raise Army-government and Army-people unity to a new level.

It is essential to strengthen the unity of various nationalities and to promote common prosperity among them. Ours is a united, multinational country. In the great practice of economic construction, reform, and opening to the outside world, people of various nationalities, who are of one heart and one mind, have made tremendous contributions to maintaining the unification of the motherland and promoting the stability, unity, and prosperity of the country. It is our firm policy to uphold the principle of equality, unity, and mutual aid among all nationalities; to resolutely implement the system of regional national autonomy; and to promote the unity, progress, and common prosperity of all nationalities. At the end of last year, the State Council issued a circular on some questions about further implementation of the law on regional national autonomy, setting forth concrete measures for promoting the economic and social development of areas inhabited by minority nationalities. Earlier this year, the CPC Central Committee and the State Council called a conference on work among nationalities. This conference summed up basic experiences in this work and laid down the main tasks and policies of the work among nationalities in the 1990s, which should be implemented in an all-around way.

It is the common task of the whole nation to further strengthen the great unity of all nationalities and to promote the economic and social development of areas inhabited by minority nationalities. The state should support such areas, and so should economically developed regions. Minority nationality areas should carry forward the spirit of self-reliance and hard struggle and strengthen their self-development ability.

It is necessary to unswervingly implement the law on regional national autonomy, to fully protect the autonomy of the autonomous regions, the equal rights of minority nationalities, and to respect their habits and customs.

In areas inhabited by minority and non-minority nationalities, it is necessary to implement state religious policy in an all-around way. It is essential to guarantee citizens' freedom of religious belief and to administer religious affairs according to law. We must resolutely maintain the unification of the motherland and oppose any acts designed to divide the country. Tibet is an inalienable part of China's sacred territory, and the Tibetans are one member of the big family of China's 56 nationalities. The attempt of any hostile forces to split the nationalities and achieve Tibet's independence is doomed to failure. No matter how the international situation changes, the people of all nationalities in our country will certainly be able to overcome all domestic and foreign interferences, share weal and woe and the same fate, be united as one, and work together for modernization.

5. Actively Advance the Great Cause of Peaceful Reunification of the Motherland

The 1990's is an important period for advancing the great cause of peaceful reunification of the motherland. We will firmly act in accordance with the principle of peaceful reunification and "one country, two systems" and work together with Hong Kong, Macao, and Taiwan compatriots, as well as Overseas Chinese, to actively promote the continuous development of this cause and strive to realize reunification of the motherland at an early date.

Our government is speeding up various aspects of preparatory work to resume the exercise of sovereignty over Hong Kong and Macao. The Basic Law of the Macao Special Administrative Region (MSAR) has been considered and promulgated by the NPC Standing Committee. Opinions on it will be solicited in Macao and in the interior. Drafting of the basic law is expected to be completed in 1993.

The Chinese Government will continue to strengthen cooperation with the British and Portuguese governments to ensure that the transfer of power in Hong Kong and Macao proceeds smoothly and that during the second half of the transition period all work is brought into line with their respective basic laws. We hope that our compatriots in Hong Kong and Macao will also join in this endeavor.

Through the joint efforts of the people on both sides of the Taiwan Strait, changes took place last year in relations between the two sides. The volume of indirect trade had reached a considerable level, and more entrepreneurs from Taiwan came to the mainland to invest. Visits to relatives and tours of the mainland continued to develop in depth, as did cultural, scientific and technological, academic, sports and other types of exchanges. Contacts of a business nature are going on between the

two sides. The Taiwan authorities took some measures regarding expanding relations between the two sides and the reunification of the country, explicitly declaring their opposition to the movement for the independence of Taiwan. These deserved to be well received. Facts have shown that, on the whole, relations between the two sides of the strait are moving in a direction favorable to peaceful reunification.

To accomplish the great cause of reunification of the motherland is the long-cherished common aspiration of the people on both sides of the Taiwan Strait. On many occasions in recent years the CPC has stated that to end the division of the two sides at an early date, the CPC and the Chinese Kuomintang should hold talks on an equal footing to discuss matters relating to the country's reunification. Persons representing other parties and organizations could also be invited to join in the talks. Once the two sides sit down together, proper solutions will surely be found step by step.

Before reunification, we hope to establish economic and trade cooperation, develop people-to-people exchanges in various fields, and take more practical steps to facilitate reunification in accordance with the principle of trying to achieve mutual understanding and seeking mutual benefit by meeting each other's needs. We welcome entrepreneurs from Taiwan investing in the mainland, and we protect their legitimate rights and interests.

Taiwan is an integral part of the sacred territory of China. We have no objection to economic and trade contacts or other people-to-people exchanges between Taiwan and other countries and regions, but we resolutely oppose the so-called flexible diplomacy and dual recognition as advocated by the Taiwan authorities and all types of "two Chinas," "one China, one Taiwan" or "one country, two governments."

We hope that the Taiwan authorities will bow to the will of the people and boldly explore new avenues; abandon their anti-Communist stand; stop refusing to hold peace talks; drop their opposition to direct postal, transport and trade links and further lift restrictions and make it possible for relations between the two sides of the strait to develop more rapidly in the new year.

6. The International Situation and Diplomatic Work

The past year has witnessed dramatic changes in the international situation. The Gulf war, the civil strife in Yugoslavia, and especially the breakup of the Soviet Union, have commanded the attention of the entire world. The old world structure has come to an end, while the new one has yet to take shape. The world is moving in the direction of multipolarization. Forces in the world are disintegrating, their elements are being realigned, and new contradictions are being interwoven with the old. The world we live in is still far from tranquil. Western countries are in the grip of economic recession and competition is growing all the more bitter. Contradictions between North and South are becoming more pronounced and some ethnic feuds have touched off new

regional conflicts. None of the two major issues of the world, peace and development, has been solved.

Hegemonism and power politics are the root cause of turmoil in the international situation. China is opposed to them both. China will never seek hegemony and will always stand firm as a strong safeguard of world peace. In a turbulent, volatile international situation, the Chinese Government is pursuing an independent foreign policy of peace. During the past year, we created a new situation in its diplomatic work, thus bringing about a favorable peaceful international environment for China's socialist modernization and contributing to safeguarding world peace and stability as well.

One of the basic components of China's foreign policy is to continue to develop its good-neighborly relations with surrounding countries. China will continue to strengthen its traditional friendship and cooperation with the DPRK. We are happy to see the emergence of a trend toward relaxation on the Korean Peninsula and sincerely hope that this emerging relaxation of tension on the Korean peninsula will grow.

The normalization of relations between China and Vietnam will help facilitate the development of bilateral trade and economic, scientific, and technological cooperation.

China supports ASEAN's efforts to promote regional economic cooperation and to maintain peace and stability in Southeast Asia.

China will continue to develop its traditional friendship and good-neighborly ties with Pakistan and other South Asian nations. As China and India are the two largest developing countries in the world, the improvement of their relations will do much to ensure stability and peace in the region and the world.

One of the key elements of China's foreign policy is to strengthen solidarity and cooperation with other developing countries. We have maintained close contacts with many developing countries in Asia, Africa, and Latin America, and our friendship and cooperation have been increasingly fruitful. The Chinese Government supports the just struggle of the South African people. There are tremendous potentials for China's cooperation with Latin American nations and China is ready to expand bilateral relations with them and with the island states in the South Pacific.

China is ready to maintain normal relations with the republics of the former Soviet Union and with the East European countries in accordance with the principle of equality and mutual benefit. There is wide opportunity for developing trade and economic cooperation between us. All of us should hasten to take the advantage of it.

Sino-Japanese relations have returned to normal. This year marks the 20th anniversary of the normalization of diplomatic ties between China and Japan. Top leaders of the two countries will visit each other's country. The

anticipated exchange of visits will greatly help to promote the healthy growth of bilateral relations.

China's relations with the member states of the European Community are gradually resuming normal development. There are broad prospects for stable, long-term, friendly relations and cooperation between China and Western countries.

During the past year, there has been some improvement [you suo gai shan] in the relations between China and the United States. That is a welcome development. Despite the issues still pending between them, the Chinese Government believes that the existence of normal relations between the two countries conforms to the fundamental interests of the Chinese and American peoples. As long as the two sides strictly abide by the principles contained in their three joint communiques, the existing obstacles can be removed and Sino-U.S. relations further improved.

The signing of the Paris Peace Accord guarantees the political settlement of the Cambodian issue. We hope that, under the leadership of the National Supreme Council, headed by Samdech Sihanouk, the four parties of Cambodia will display the spirit of national reconciliation, surmount difficulties, and unite together to build their country. China supports the implementation of the Paris Accord and will take part in Cambodia's reconstruction.

As always, China supports the just cause of the Palestinian and Arab peoples. The occupied Arab lands should be returned. The Palestinian people's legitimate national rights should be restored. The sovereignty and security of all countries in the Middle East, including Israel, should be respected and guaranteed. China has established diplomatic relations with Israel and is a participant in the Middle East peace conference. China is ready to contribute to promoting the peace process in the Middle East.

We stand for effective disarmament and arms control in accordance with the principle of equitably, rationality, generality, and balance. China has joined the treaty of nuclear nonproliferation, and China will continue to make efforts for the banning of chemical and biological weapons.

China always stands for South-North dialogues and the strengthening of South-South cooperation so that the irrational international economic order can be changed. China fully supports developing countries' wishes to develop their economies. Reinstating China's legitimate status as a GATT signatory at an early date is conducive to the development of reciprocal and mutually beneficial trade relations between China and other countries the world over. After the restoration of its signatory status, China, as a sovereign country, will not object to Taiwan joining the GATT as an independent tariff region of China. China attaches great importance to the roles played by different regions and blocs of nations in international affairs, and China is willing to maintain

ties and cooperation with them. China supports the more positive roles played by the UN Security Council and the UN secretary general in international affairs.

Deputies, human rights are an issue which the international community is concerned about. We maintain that human rights and basic freedoms of mankind as a whole should be universally respected. Human rights not only include citizens' political rights, but also their economic, social, and cultural rights. As far as the vast number of developing countries are concerned, the most important human rights for them are the rights to independence, subsistence, and development. We are willing to carry out normal international discussions about human rights, but the act of a few countries to impose their standards and modes of human rights on other countries of the world is unacceptable. Interference in other countries' internal affairs in the name of human rights is impermissible. While handling state-to-state relations, we always stand for following the guidance of the Five Principles of Peaceful Coexistence, including noninterference in internal affairs, and not based on the difference or similarity in social systems, ideologies, and the

concept of values. This principle is applicable to relations between China and all countries in the world, and it should become a basic norm governing the new international order.

Deputies, no matter how the international storm may develop and how tortuous may be the course, both China and the world are making progress. The future of mankind is bright. Let us, people of all nationalities in the country, rally even more closely around the CPC Central Committee with Comrade Jiang Zemin as the core, work with one heart and one mind, wage arduous struggles, and greet the convocation of the 14th National CPC Congress with outstanding successes achieved in reform and construction. We Chinese people have the gumption and the ability, and we certainly can proceed courageously along the socialist road with distinctive Chinese characteristics—a road pioneered by Comrade Deng Xiaoping. We hope our countrymen in Taiwan, Hong Kong and Macao and Overseas Chinese will join the people in the country to contribute their parts to the great cause of rejuvenating and unifying China, and to the peace and development of the world! [applause]

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